



University of Saskatchewan

Consolidated Financial Statements For the Year Ended April 30, 2001





Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the University of Saskatchewan as at April 30, 2001, and the consolidated statements of operations and changes in fund balances, and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
August 3, 2001

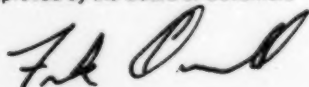
Fred Wendel, CMA, CA
Acting Provincial Auditor

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Financial Position
As at April 30, 2001
(thousands of dollars)

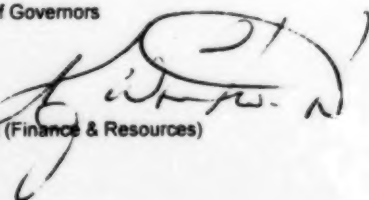
Statement 1

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Current Assets					
Cash and short-term investments (Note 3)	\$ 32,617	\$ 105,447	\$ 27	\$ 138,091	\$ 96,299
Accounts receivable	16,540	4,572	63	21,175	23,186
Inventories	8,493	-	-	8,493	7,533
Prepaid expenses	826	-	-	826	852
Work in progress	-	3,092	-	3,092	9,377
	<u>58,476</u>	<u>113,111</u>	<u>90</u>	<u>171,677</u>	<u>137,247</u>
Long-term Assets					
Work in progress	-	53,594	-	53,594	17,776
Long-term investments (Note 4)	73,789	49,597	107,407	230,793	205,220
Investment in affiliated entities (Note 5)	31	-	-	31	286
Other assets	384	1,490	-	1,874	1,615
Accrued post-retirement benefits (Note 6)	58,898	-	-	58,898	-
Capital assets (Note 7)	-	301,063	-	301,063	278,142
	<u>133,102</u>	<u>405,744</u>	<u>107,407</u>	<u>646,253</u>	<u>503,039</u>
	<u>\$ 191,578</u>	<u>\$ 518,855</u>	<u>\$ 107,497</u>	<u>\$ 817,930</u>	<u>\$ 640,286</u>
Current Liabilities					
Accounts payable and accrued liabilities	\$ 21,063	\$ 2,523	\$ -	\$ 23,586	\$ 24,746
Accrued vacation pay and assisted early retirement benefits	11,573	41	-	11,614	10,889
Unearned fees and other deferred revenue	4,568	-	-	4,568	4,438
Current portion of provision for claims payable	1,204	-	-	1,204	1,951
Current portion of long-term debt	54	83	-	137	115
	<u>38,462</u>	<u>2,647</u>	<u>-</u>	<u>41,109</u>	<u>42,139</u>
Long-term Liabilities					
Long-term Disability Trust Fund -					
Provision for claims payable	6,762	-	-	6,762	8,483
Long-term debt (Note 8)	182	3,821	-	4,003	3,053
Accrual for assisted early retirement	8,529	-	-	8,529	11,267
Due to other funds	100	(100)	-	-	-
	<u>15,573</u>	<u>3,721</u>	<u>-</u>	<u>19,294</u>	<u>22,803</u>
Fund Balances					
Externally restricted funds	-	215,328	107,497	322,825	231,915
Internally restricted funds	86,616	-	-	86,616	30,536
Invested in capital assets	-	297,159	-	297,159	275,080
Unrestricted funds	50,927	-	-	50,927	37,813
	<u>137,543</u>	<u>512,487</u>	<u>107,497</u>	<u>757,527</u>	<u>575,344</u>
	<u>\$ 191,578</u>	<u>\$ 518,855</u>	<u>\$ 107,497</u>	<u>\$ 817,930</u>	<u>\$ 640,286</u>

Approved by the Board of Governors



Chair, Board of Governors



Vice-President (Finance & Resources)

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2001
(thousands of dollars)

Statement 2

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Revenues					
Government grants and contracts					
Government of Canada	\$ 3,218	\$ 46,784	\$ -	\$ 50,002	\$ 39,550
Government of Saskatchewan	168,479	75,330	-	243,809	198,070
Other	5,436	5,844	-	11,280	6,573
Student fees	57,768	-	-	57,768	52,808
Gifts, grants and bequests	16,736	19,566	2,958	39,260	40,741
Sales of services and products	73,521	154	-	73,675	71,222
Income from investments	10,860	15,042	48	25,950	15,390
Increase in accrued post-retirement benefits	19,196	-	-	19,196	-
Real estate income	384	89	-	473	480
Miscellaneous income	1,425	961	-	2,386	2,787
	<u>357,023</u>	<u>163,770</u>	<u>3,006</u>	<u>523,799</u>	<u>427,621</u>
Expenses					
Salaries	207,169	32,161	-	239,330	229,764
Employee benefits	20,413	2,730	-	23,143	25,238
Operational supplies and expenses	65,208	15,943	-	81,151	83,721
Travel	7,129	3,415	-	10,544	9,728
Cost of goods sold	14,891	-	-	14,891	15,196
Equipment rental, maintenance and renovations	13,153	1,233	-	14,386	13,316
Utilities	13,253	18	-	13,271	11,944
Amortization	-	25,378	-	25,378	22,894
Scholarships, bursaries and prizes	6,225	2,453	-	8,678	7,704
Interest	14	200	-	214	276
Meewasin Valley Authority levy	-	574	-	574	574
Bad debt expense	52	-	(2)	50	121
Internal cost recoveries (Note 13)	(49,350)	(263)	-	(49,613)	(54,382)
	<u>298,157</u>	<u>83,842</u>	<u>(2)</u>	<u>381,997</u>	<u>366,094</u>
Net revenues	<u>58,866</u>	<u>79,928</u>	<u>3,008</u>	<u>141,802</u>	<u>61,527</u>
Interfund transfers (Note 14)	(30,052)	24,771	5,281	-	-
Net increase in fund balances for year	<u>28,814</u>	<u>104,699</u>	<u>8,289</u>	<u>141,802</u>	<u>61,527</u>
Fund balances, beginning of year (Note 15)	<u>108,729</u>	<u>407,788</u>	<u>99,208</u>	<u>615,725</u>	<u>513,817</u>
Fund balances, end of year	<u>\$ 137,543</u>	<u>\$ 512,487</u>	<u>\$ 107,497</u>	<u>\$ 757,527</u>	<u>\$ 575,344</u>

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Cash Flows
For the Year Ended April 30, 2001
(thousands of dollars)

Statement 3

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Operating Activities					
Net increase in fund balance for year	\$ 28,814	\$ 104,699	\$ 8,289	\$ 141,802	\$ 61,527
Amortization of capital assets	-	25,378	-	25,378	22,894
Unrealized loss (gain) on investments	(898)	(4,149)	-	(5,047)	(830)
Increase in accrued post-retirement benefits	(19,196)	-	-	(19,196)	-
Total decrease (increase) in non-cash working capital	(571)	619	(2)	46	13,021
Cash generated from operating activities	8,149	126,547	8,287	142,983	96,612
Investing Activities					
Work in progress	-	(29,531)	-	(29,531)	(18,987)
Sale (purchase) of investments (net)	(9,449)	(2,623)	(8,453)	(20,525)	5,540
Investment in subsidiary companies	255	-	-	255	-
Purchase of capital assets and library holdings (net)	-	(48,299)	-	(48,299)	(37,801)
Cash from (used in) investing activities	(9,194)	(80,453)	(8,453)	(98,100)	(51,248)
Financing Activities					
Debt financing proceeds (repayments) (net)	91	859	-	950	(44)
Capital lease financing (repayments) proceeds (net)	-	-	-	-	(17)
Decrease in Assisted Early Retirement commitments	(2,736)	(4)	-	(2,740)	(2,933)
Decrease in other assets	(260)	-	-	(260)	(221)
Increase in long-term disability claims	(1,041)	-	-	(1,041)	463
Cash (used in) from financing activities	(3,946)	855	-	(3,091)	(2,752)
Net increase (decrease) in cash and short-term investments	(4,991)	46,949	(166)	41,792	42,612
Cash and short-term investments, beginning of year	37,608	58,498	193	96,299	53,687
Cash and short-term investments, end of year	\$ 32,617	\$ 105,447	\$ 27	\$ 138,091	\$ 96,299

THE UNIVERSITY OF SASKATCHEWAN
Statement 4
Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 2001
(thousands of dollars)

	Operating	Ancillary	Specific Purpose	Total
Revenues				
Government grants and contracts				
Government of Canada	\$ -	\$ -	\$ 3,218	\$ 3,218
Government of Saskatchewan	136,670	-	31,809	168,479
Other	3,372	-	2,064	5,436
Student fees	56,601	-	1,167	57,768
Gifts, grants and bequests	768	7	15,961	16,736
Sales of services and products	9,647	32,986	30,888	73,521
Income from investments	6,012	66	4,782	10,860
Increase in accrued post-retirement benefits	-	-	19,196	19,196
Real estate income	233	-	151	384
Miscellaneous income	440	-	985	1,425
	<u>213,743</u>	<u>33,059</u>	<u>110,221</u>	<u>357,023</u>
Expenses				
Salaries	144,982	5,887	56,300	207,169
Employee benefits	18,344	777	1,292	20,413
Operational supplies and expenses	43,230	2,695	19,283	65,208
Travel	2,387	37	4,705	7,129
Cost of goods sold	-	14,891	-	14,891
Equipment rental, maintenance and renovations	10,246	1,642	1,265	13,153
Utilities	7,887	5,152	214	13,253
Amortization	-	-	-	-
Scholarships, bursaries and prizes	2,504	-	3,721	6,225
Interest	-	-	14	14
Meewasin Valley Authority levy	-	-	-	-
Bad debt expense	52	-	-	52
Internal cost recoveries (Note 13)	(41,716)	-	(7,634)	(49,350)
	<u>187,916</u>	<u>31,081</u>	<u>79,160</u>	<u>298,157</u>
Net revenues	25,827	1,978	31,061	58,866
Interfund transfers (Note 14)	(17,962)	(4,883)	(7,207)	(30,052)
Net increase (decrease) in fund balances for year	7,865	(2,905)	23,854	28,814
Fund balances, beginning of year (Note 15)	(1,059)	6,115	103,673	108,729
Fund balances, end of year	<u>\$ 6,806</u>	<u>\$ 3,210</u>	<u>\$ 127,527</u>	<u>\$ 137,543</u>

THE UNIVERSITY OF SASKATCHEWAN
Statement 5
**Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds
For the Year Ended April 30, 2001
(thousands of dollars)**

	Capital	Research	Trust	Total
Revenues				
Government grants and contracts				
Government of Canada	\$ -	\$ 46,780	\$ 4	\$ 46,784
Government of Saskatchewan	43,766	31,564	-	75,330
Other	-	5,844	-	5,844
Student fees	-	-	-	-
Gifts, grants and bequests	-	16,193	3,373	19,566
Sales of services and products	-	154	-	154
Income from investments	1,833	1	13,208	15,042
Increase in accrued post-retirement benefits	-	-	-	-
Real estate income	-	-	89	89
Miscellaneous income	976	-	(15)	961
	<u>46,575</u>	<u>100,536</u>	<u>16,659</u>	<u>163,770</u>
Expenses				
Salaries	-	31,913	248	32,161
Employee benefits	-	2,710	20	2,730
Operational supplies and expenses	91	15,549	303	15,943
Travel	-	3,368	47	3,415
Cost of goods sold	-	-	-	-
Equipment rental, maintenance and renovations	-	1,213	20	1,233
Utilities	-	18	-	18
Amortization	25,378	-	-	25,378
Scholarships, bursaries and prizes	-	497	1,956	2,453
Interest	200	-	-	200
Meewasin Valley Authority levy	574	-	-	574
Bad debt expense	-	-	-	-
Internal cost recoveries (Note 13)	-	(257)	(6)	(263)
	<u>26,243</u>	<u>55,011</u>	<u>2,588</u>	<u>83,842</u>
Net revenues	20,332	45,525	14,071	79,928
Interfund transfers (Note 14)	74,064	(40,101)	(9,192)	24,771
Net increase in fund balances for year	94,396	5,424	4,879	104,699
Fund balances, beginning of year (Note 15)	322,663	33,974	51,151	407,788
Fund balances, end of year	<u>\$ 417,059</u>	<u>\$ 39,398</u>	<u>\$ 56,030</u>	<u>\$ 512,487</u>

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations by College
All Funds
For the Year Ended April 30, 2001
(Thousands of dollars)

	Agriculture	Arts & Sciences	Commerce	Dentistry	Education	Engineering	Graduate Studies & Research	Health Sciences	Law	Medicine	Nursing	Pharmacy & Nutrition	Veterinary Medicine	Extension	Interdisciplinary Units	Subsidiary & Research Support	Student Support Units	External Relations	Infrastructure	General	Total
Revenues																					
University operating budget	\$ 8,223	\$ 36,168	\$ 5,022	\$ 4,168	\$ 7,319	\$ 8,935	\$ 734	\$ 2,110	\$ 2,537	\$ 17,399	\$ 2,777	\$ 2,471	\$ 11,398	\$ 6,500	\$ 1,216	\$ 22,887	\$ 9,314	\$ 1,362	\$ 25,567	\$ (176,308)	\$ -
Original budget	64	324	38	22	60	84	11	38	32	103	12	34	143	102	143	2,108	752	54	598	(4,742)	-
Budget revisions	6,307	36,492	5,060	4,190	7,379	9,020	745	2,148	2,569	17,502	2,789	2,505	11,541	6,602	1,359	24,955	10,068	1,416	26,165	(181,000)	-
Revised budget	6,371	36,816	5,100	4,212	7,439	9,104	756	2,186	2,601	17,505	2,801	2,539	11,535	6,704	1,502	25,063	355	1,470	26,763	(185,742)	-
Government grants and contracts	4,950	8,152	(1)	219	537	3,195	1,390	68	129	5,521	139	208	1,131	-	4,394	20,393	355	-	43,766	138,819	38
Government of Saskatchewan	6,546	4,135	-	104	14	428	5	5	-	28,649	122	169	1,011	285	2,872	19,185	649	-	-	11,200	243,809
Province of Saskatchewan	174	84	-	-	108	11	-	-	-	113	-	-	1,842	-	2,969	2,500	23	-	-	3,436	11,200
Student fees	129	748	769	48	51	391	695	1,285	68	15	20	169	(20)	96	11	5	250	-	-	53,735	57,768
Office grants and bequests	6,918	1,821	143	14	397	1,731	695	258	455	7,523	65	861	1,407	421	6,398	2,492	1,208	1,343	-	5,110	39,280
Sales of services and products	2,941	1,102	403	1,109	506	563	40	1,030	209	19,544	177	163	4,615	1,605	182	6,019	21,154	242	5,760	5,711	73,075
Income from investments	3,126	980	437	43	168	706	134	93	1,007	1,262	54	95	744	4	88	1,267	2,773	181	1,833	10,915	25,950
Increase in accrued post-retirement benefits	2	-	-	-	-	-	-	-	-	51	-	-	-	-	-	18	-	-	-	19,326	19,326
Real estate income	627	(9)	-	-	-	2	-	143	14	(12)	-	-	-	-	-	19	20	-	-	239	2,373
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	976	779	2,386
	33,130	48,070	6,811	5,726	9,210	16,447	2,999	5,650	4,445	80,198	3,360	4,190	22,271	9,014	18,283	76,676	36,503	3,182	78,500	56,528	523,799
Expenses																					
Salaries	18,790	36,559	5,783	3,282	7,139	11,077	1,939	3,027	2,620	61,434	2,884	2,419	12,986	5,427	5,555	15,940	10,348	1,613	13,977	15,971	238,330
Employee benefits	2,167	4,135	672	369	810	1,204	62	604	304	4,803	350	274	2,415	2,913	2,469	8,715	5,153	575	5,075	1,573	15,971
Operational supplies and expenses	6,344	3,443	1,173	881	1,141	1,467	142	1,047	1,161	2,499	188	465	5,311	2,915	2,469	3,785	5,563	988	23,556	9,923	81,151
Taxes	65	1,448	295	70	271	695	65	577	222	2,489	78	88	467	725	345	421	182	76	131	1,018	10,544
Cost of goods sold	1,138	216	15	22	37	112	12	135	5	516	22	9	662	46	103	599	2,416	11	7,242	1,065	14,891
Equipment rental, maintenance and renovations	83	12	-	-	-	1	-	-	-	14	-	-	-	37	6	-	835	-	11,998	273	13,271
Utilities	-	-	-	-	-	-	-	-	104	695	25	39	166	4	72	33	3,535	-	25,378	-	25,378
Amortization	276	264	85	542	66	143	2,466	97	-	-	-	-	-	-	-	86	-	-	46	6,818	7,404
Scholarships, bursaries and prizes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student Valley Authority levy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal cost recoveries (Note 13)	(1,688)	(705)	(369)	(11)	(298)	(281)	(10)	(45)	(7)	(2,829)	(56)	(34)	(788)	(690)	(379)	(2,400)	(3,727)	(781)	(31,264)	(3,051)	(49,613)
	27,864	45,372	7,075	5,153	8,953	14,622	4,696	5,642	3,522	78,033	3,501	3,261	20,264	8,643	5,832	25,618	30,784	2,108	53,654	23,980	381,987
Net revenues (expenses)	5,166	4,498	(264)	563	347	1,825	(1,697)	8	923	2,165	(135)	929	2,067	171	9,451	51,258	5,716	1,074	24,846	32,048	141,802
Interfund transfers (Note 14)	(5,433)	(1,784)	(953)	(324)	(219)	(1,353)	1,668	97	(47)	1,738	(59)	(263)	(810)	(1,045)	(2,416)	(46,767)	(2,149)	(2,228)	(67,261)	(2,784)	-
Net increase (decrease) in fund balances for year	(267)	2,714	(1,227)	39	128	472	171	105	876	3,903	(194)	564	1,197	(874)	5,035	4,491	3,570	(1,152)	92,097	30,154	141,802
Fund balances, beginning of year (Note 15)	55,394	18,101	6,803	692	4,363	13,614	3,312	1,742	11,630	39,382	725	3,017	12,817	1,783	4,072	23,700	26,882	3,218	325,830	57,628	615,725
Fund balances, end of year	\$ 55,127	\$ 20,815	\$ 5,576	\$ 731	\$ 4,511	\$ 14,286	\$ 3,483	\$ 1,847	\$ 12,706	\$ 43,285	\$ 531	\$ 3,581	\$ 14,014	\$ 909	\$ 9,707	\$ 28,191	\$ 30,452	\$ 2,066	\$ 417,827	\$ 87,782	\$ 757,527

THE UNIVERSITY OF SASKATCHEWAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2001

(THOUSANDS OF DOLLARS)

1. Authority and Purpose

"The University of Saskatchewan" is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the University is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The University is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- University of Saskatchewan Technologies Inc., a wholly owned subsidiary of the University. The company's mission is to evaluate, protect and exploit University controlled intellectual property.
- Agricoll Research Investments Inc., a wholly owned subsidiary of the University. Through Agricoll, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under the *Crown Foundation Act* of Saskatchewan. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the University. The company participates in real estate investment activities.
- Canadian Prairie Feed Resource Centre Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The objectives of the company include providing leadership for research, innovation, product development, and technology transfer in feed ingredient utilization.
- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- Western Beef Development Centre Inc., a non-profit corporation whose membership is restricted to members of the Board of Governors of the University of Saskatchewan. The mandate of the company is to support the efficient and orderly economic advancement of the Western Canadian beef industry.
- Canadian Light Source Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company will provide access for the performance of basic and applied research with the aim of making scientific discoveries and advances, and developing these discoveries and advances for practical applications by industry.

- Pharmalytics Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company is engaged in research, development and education in pharmaceutical sciences.

b) Use of estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

c) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

- i) General Funds are unrestricted and account for the University's program delivery, service and administrative activities. These funds are further classified as Operating, Ancillary and Specific Purpose.

Operating Funds account for the University's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.

Ancillary Funds provide goods and services to the University community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

Specific Purpose Funds are designated for specific projects or purposes.

- ii) Restricted Funds carry restrictions on the use of resources for particular defined purposes. These funds are further classified as Capital, Research and Trust.

Capital Funds account for the acquisition of capital assets, major renovations and improvements to capital assets.

Research Funds account for activities in support of research.

Trust Funds account for activities that have been stipulated by donors and contributors.

- iii) Endowment Funds account for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

d) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the first-in, first-out method, with the exception of feedlot cattle. Feedlot cattle are stated at market value.

e) Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments consist primarily of pooled funds and are carried at market value.

f) Investment in affiliated entities

The University uses the equity method to account for profit-oriented affiliated entities in which the University exercises significant influence, but does not control. Under the equity method of accounting, the investment is initially recorded at cost and the carrying value of the investment is adjusted to recognize the University's proportionate share of the net earnings (losses) of the entity.

Non-profit affiliated entities in which the University exercises significant influence, but does not control, and all other investments are recorded at cost less any permanent decline in the value of the investment.

g) Employee benefit plans

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise.

Employee future benefits other than pensions represent medical and dental care and life insurance commitments to certain employees and retirees, long- and short-term disability payments, severance and termination payments and compensated absences. The University accrues its obligations under these plans net of any plan assets.

h) Capital assets

Purchased capital assets are recorded at cost. The University reports donated capital assets at fair market value upon receipt. Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as follows:

Site improvements	20 years
Buildings	40 years
Computers	3 years
Equipment & furnishings	6 to 8 years
Library materials	10 years

Collections are not capitalized or amortized. All additions to collections are expensed in the year acquired.

i) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

Pledges made by donors to the University for donations to be received in future years are not recorded in the financial statements.

j) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received. Other restricted revenue is recognized on the completed contract method.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

k) Fair value

The fair values of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, and accrued vacation pay approximate their carrying value due to the short-term nature of these assets and liabilities.

3. Cash and Short-term Investments

Short-term investments are generally for less than 90 days, and have an average effective interest rate of 5.3 per cent.

4. Long-term Investments

	2001			2000	
	Less than 5 years	5 to 10 years	More than 10 years	Total Fair Value	Total Fair Value
Bonds and debentures	\$ 68,438	\$ 21,574	\$ 9,979	\$ 99,991	\$ 94,067
Equities					
Canadian	2,235	-	51,961	54,196	50,126
Foreign	-	-	69,362	69,362	45,653
Other investments	7,244	-	-	7,244	15,374
	<u>\$ 77,917</u>	<u>\$ 21,574</u>	<u>\$ 131,302</u>	<u>\$ 230,793</u>	<u>\$ 205,220</u>
Market yield	5.0 - 17%	5.5 - 14%	6.8 - 11.3%		

Investments are placed with government guaranteed securities and well capitalized, high quality financial institutions. By policy, the University limits the amount of credit risk exposure in any one type of investment instrument.

5. Investment in Affiliated Entities

	2001	2000
Investment accounted on the equity basis:		
MRV Systems Inc.	\$ -	\$ -
Investments recorded on the cost basis:		
Saskatchewan Food Industry Development Centre Inc.	-	-
Saskatchewan Population Health and Evaluation Research Unit	-	-
Prairie Diagnostic Services Inc.	-	-
Biostar Inc.	-	-
Alviva Biopharmaceuticals Inc.	1	1
On Target Electronic Design Inc.	5	-
CanEd International Inc.	-	-
Ceapro Inc.	25	25
Ag-Spec Analytical Services Ltd.	-	260
Pharmaderm Laboratories Inc.	-	-
GlobalEd Multimedia Technologies Inc.	-	-
	<u>\$ 31</u>	<u>\$ 286</u>

Investments, which have a nominal value, are shown with a nil cost.

6. Accrued Post-Retirement Benefits

The University sponsors both defined benefit and defined contribution pension plans. The University and employees contribute in equal amounts to the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the University to support the actuarial based pension benefits. The defined pension benefits are based on an average of employees' career earnings.

The total expense for the University's defined contribution plans for the year is \$5,525.

Aggregate information about the University defined benefits plans is in the table below. The information provided does not encompass all benefit plans in the University, but only those plans for which an actuarial liability exists.

a) Funded status of plans

	2001	
	Pension Plans	Other Benefit Plans
Plan assets		
Fair value at beginning of year	\$ 505,572	\$ 24,844
Actual return on plan assets	57,196	2,958
Employer contributions	3,658	2,062
Employees' contributions	3,658	-
Benefits paid	(36,399)	(990)
Plan expenses	-	(84)
Settlements	(29,717)	-
Fair value at end of year	503,968	28,790
Accrued benefit obligations		
Accrued benefit obligation at beginning of year	418,951	9,754
Current service cost	8,882	1,292
Interest cost	28,850	693
Benefits paid	(36,399)	(990)
Actuarial losses (gains)	18,599	(2,783)
Plan amendments	2,009	-
Settlement of obligations	(29,717)	-
Accrued benefit obligation at end of year	411,175	7,966
Accrued benefit asset (liability)	92,793	20,824
Valuation allowance and unamortized past service costs	(33,895)	-
Accrued benefit asset (liability), net of valuation allowance	\$ 58,898	\$ 20,824

b) Net benefit plan expense

	2001	
	Pension Plans	Other Benefit Plans
Current service cost, net of employee contributions	\$ 5,224	\$ 1,292
Interest cost	28,850	693
Expected return on plan assets	(36,827)	(2,157)
Immediate recognition of remaining gains/losses	(1,770)	(3,500)
Amortization of past service costs	53	-
Increase (decrease) in valuation allowance	(11,069)	-
Net benefit plan expense	\$ (15,539)	\$ (3,672)

c) Actuarial assumptions (weighted average as of April 30)

	2001	
	Pension Plans	Other Benefit Plans
Discount rate	6.6%	6.5%
Expected long-term rate of return on plan assets	7.5%	8.5%

7. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value (restated)
Land	\$ 2,078	\$ -	\$ 2,078	\$ 1,904
Buildings	381,934	162,178	219,756	208,354
Site improvements	22,423	11,668	10,755	10,601
Computers	57,693	48,044	9,649	9,124
Equipment and furnishings	118,376	90,970	27,406	18,939
Library materials	88,476	57,057	31,419	29,220
	<u>\$ 670,980</u>	<u>\$ 369,917</u>	<u>\$ 301,063</u>	<u>\$ 278,142</u>

8. Long-term Debt

	2001	2000 (restated)
a) Canada Mortgage and Housing Corp. – 6.875% debentures due May 1, September 1, 2020	\$ 2,616	\$ 2,678
These loans are repayable in equal semi-annual installments of \$123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services		
b) Loan payable to the Government of Saskatchewan - General Revenue Fund – 5.125% loan due June 1, 2015	346	362
As part of the original arrangements for repayment of a loan to Canada Mortgage and Housing Corporation, it was agreed that \$600 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Ancillary operations of \$33 per year.		
c) Loan payable to Canadian Imperial Bank of Commerce – Prime plus 0.25%, payable with monthly principal payments of \$0.6 plus interest.	49	56
d) Mortgage payable to Canadian Imperial Bank of Commerce – During construction of farrow-to-finish research facility, and up to and including six months thereafter, interest only is payable on advances provided by the bank at the bank's prime lending rate. Thereafter, principal payments will commence based on a 15-year amortization.	941	-
The mortgage advances are secured by a general security agreement pertaining to all personal property of Prairie Swine Centre Inc. and the provision of collateral mortgage security over all the Centre's real property.		
e) Loan payable to Heartland Livestock Services – Prime plus 1.25%, payable in four annual installments of \$36.	146	-
f) Loan payable to West Central Sales Inc. – 7.9% loan, payable in annual installments of \$11.	42	56
g) Present value of future minimum capital lease payment	-	16
	<u>4,140</u>	<u>3,168</u>
Less amounts payable within one year	<u>(137)</u>	<u>(115)</u>
	<u>\$ 4,003</u>	<u>\$ 3,053</u>

9. Commitments - Capital Fund

The estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2001 is approximately \$36,059 (2000 - \$31,773).

Subsequent to year-end, the University entered into an agreement with a developer to lease approximately 50 acres of land. In addition, the University has entered into an agreement with the City of Saskatoon obligating the University to pay offsite levies to the City estimated to be \$2,662 as the land is developed and an additional \$430 for infrastructure costs.

10. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of \$2,295 were received and recorded in the year (2000 - \$8,595). Gifts-in-kind consist of the following:

	2001	2000
Works of art	\$ 284	\$ 574
Equipment and furnishings	121	162
Investments	1,393	7,669
Library holdings	129	65
Other	368	125
	<u>\$ 2,295</u>	<u>\$ 8,595</u>

Donations pledged but not received as at April 30, 2001 totaled \$3,857 (2000 - \$3,470). These pledges are expected to be honored during the subsequent five-year period and will be recorded as revenue when received.

11. Collections

a) Collections of Artifacts, Archival Material and Rare Books

The University has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the University's research and teaching missions. Acquisitions are donated as well as purchased. The University rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the University, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b) Art Collection

The Kenderdine Art Gallery administers the permanent art collection of the University. The collection includes works of art that provides a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the University or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

During the year, 138 objects with an appraised value of \$279 were donated. There were no purchases of objects during the year.

12. Operating Fund Expenses

A comparison of the budgeted Operating Fund expenses approved by the University's Board of Governors to the actual Operating Fund expenses is as follows:

	2001		2000
	Budget	Expenses	Expenses
Agriculture	\$ 8,223	\$ 8,381	\$ 8,414
Arts and Science	36,168	36,828	35,351
Commerce	5,022	5,809	5,365
Dentistry	4,168	4,304	3,622
Education	7,320	7,321	7,239
Engineering	8,936	8,719	8,473
Graduate Studies	734	831	668
Kinesiology	2,310	2,415	2,580
Law	2,537	2,560	2,436
Medicine	17,399	16,793	16,018
Nursing	2,777	3,043	2,576
Pharmacy and Nutrition	2,471	2,082	2,221
Veterinary Medicine	11,398	11,015	10,767
Extension Division	6,500	6,767	5,117
Interdisciplinary Units	1,216	955	500
Instructional & Research Support	22,887	24,118	25,636
Student Services	9,314	8,728	8,877
External Relations	1,362	1,269	1,341
Infrastructure	25,567	25,566	24,454
General	24,001	17,933	14,626
Net expenses for internal reporting purposes	200,310	195,437	186,281
Reclassification of net expenses, included in College totals above as a recovery or expense, and restated for financial statement purposes:			
External cost recoveries restated as revenue	7,036	10,441	9,050
Interfund transfers eliminated for financial Statement purposes (Statement 4)	-	(17,962)	(17,748)
Expenses for financial statement purposes	\$ 207,346	\$ 187,916	\$ 177,583

13. Internal Cost Recoveries

Sales and services provided by one part of the university to another part are recorded as internal cost recoveries. These recoveries are eliminated from the expense activity of the University as follows:

	2001		2000 (restated)	
	Gross Expenses	Net Recovery	Net Expenses	Net Expenses
Salaries	\$ 239,330	\$ (92)	\$ 239,238	\$ 228,952
Employee benefits	23,143	(208)	22,935	25,058
Operational supplies and expenses	81,151	(39,967)	41,184	40,024
Travel	10,544	(72)	10,472	9,691
Cost of goods sold	14,891	(412)	14,479	14,388
Equipment rental, maintenance and renovations	14,386	(7,815)	6,571	5,435
Utilities	13,271	(1,001)	12,270	11,087
Amortization	25,378	-	25,378	22,894
Scholarships, bursaries and prizes	8,678	(46)	8,632	7,595
Interest	214	-	214	276
Meewasin Valley Authority levy	574	-	574	574
Bad debt expense	50	-	50	120
Internal cost recoveries	(49,613)	49,613	-	-
	<u>\$ 381,997</u>	<u>\$ -</u>	<u>\$ 381,997</u>	<u>\$ 366,094</u>

14. Interfund Transfers

During 2000/01, the University transferred the following to the Capital Fund to fund the acquisition of assets: \$11,891 from Operating, \$4,765 from Ancillary, \$8,447 from Specific Purpose, \$2,759 from Trust, \$6 from Endowment and \$46,196 from Research.

In addition, the following transfers occurred between funds to properly reflect activity according to the various fund definitions: \$5,278 was transferred from Operating to Specific Purpose, \$1,066 was transferred from Operating to Research, \$163 was transferred from Ancillary to Operating, \$45 was transferred from Specific Purpose to Ancillary, \$533 was transferred from Specific Purpose to Endowment, \$3,635 was transferred from Specific Purpose to Research, \$110 was transferred from Trust to Operating, \$175 was transferred from Trust to Specific Purpose, \$4,767 was transferred from Trust to Endowment, \$1,381 was transferred from Trust to Research, and \$13 was transferred from Endowment to Research.

15. Change in Accounting Policies

a) Consolidation of affiliates entities

During the year, the University adopted a revised policy for accounting for affiliated non-profit corporations, which are effectively controlled by the University. Comparative figures for 2000 have been restated to include Canadian Prairie Feed Resources Centre Inc., Prairie Swine Centre Inc., Western Beef Development Centre Inc., Canadian Light Source Inc., and Pharmalytics Inc. in the consolidated financial statements with the following impact:

	2000
Fund balances, beginning of year, as previously reported	\$ 509,081
Retroactive change in accounting policy	4,736
As restated	513,817
Net revenues, previously reported	61,222
Increase in net revenues	305
Fund balances, end of year	<u>\$ 575,344</u>

b) Employee benefit plans

Effective May 1, 2000, the University retroactively adopted the new CICA accounting standard, Section 3461 – Employee Future Benefits. The impact of recognizing transitional assets and benefit obligations as determined in accordance with Section 3461, without restatement of comparative figures for 2000, follows:

	2001
Fund balances, beginning of year (from part a) above)	\$ 575,344
Accrued post-retirement benefits, May 1, 2000	39,701
Reduction in provision for claims payable, May 1, 2000	680
Fund balances, beginning of year, restated	<u>\$ 615,725</u>

16. Related Party Transactions

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Provincial Government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the University.

Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations.

Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions and the amounts outstanding at year-end are as follows:

	2001	2000
Sales of services and products – physicians' billings	\$ 17,849	\$ 16,913
Expenses		
Utilities	11,535	10,452
Other	11,090	11,077
Accounts receivable	3,390	5,651
Long-term investments	508	1,252
Accounts payable and accrued liabilities	1,096	898
Deferred revenue	753	1,169
Long-term debt	346	362

17. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.